



New Normal Normalisation

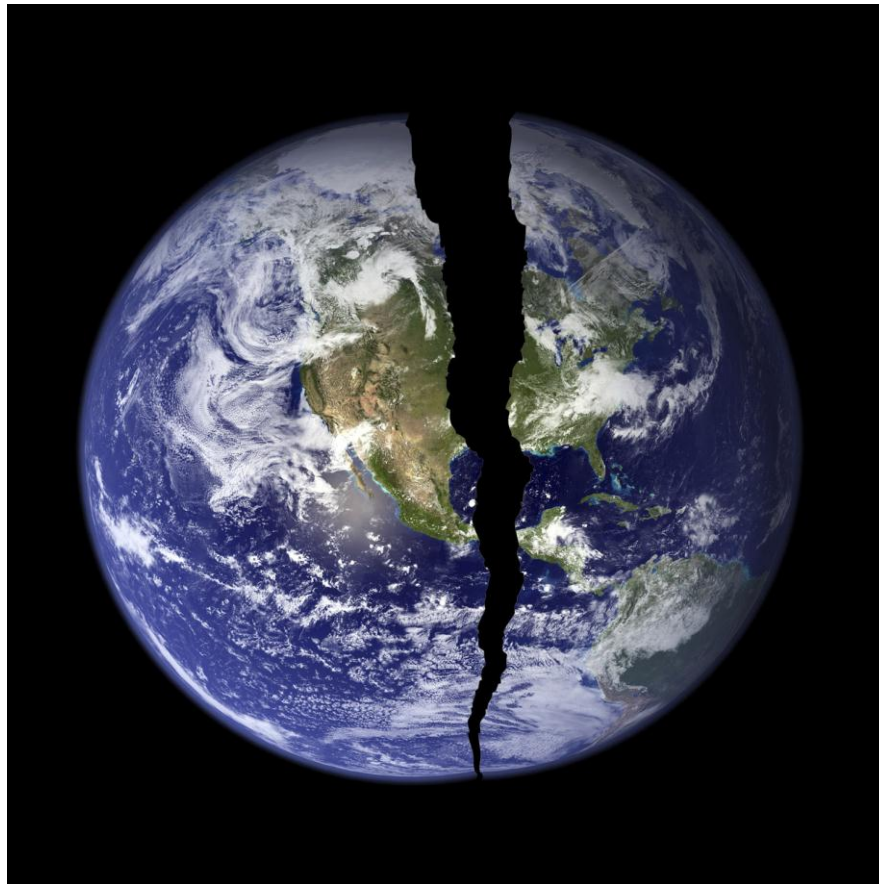
Hong Kong's economic outlook in 2014

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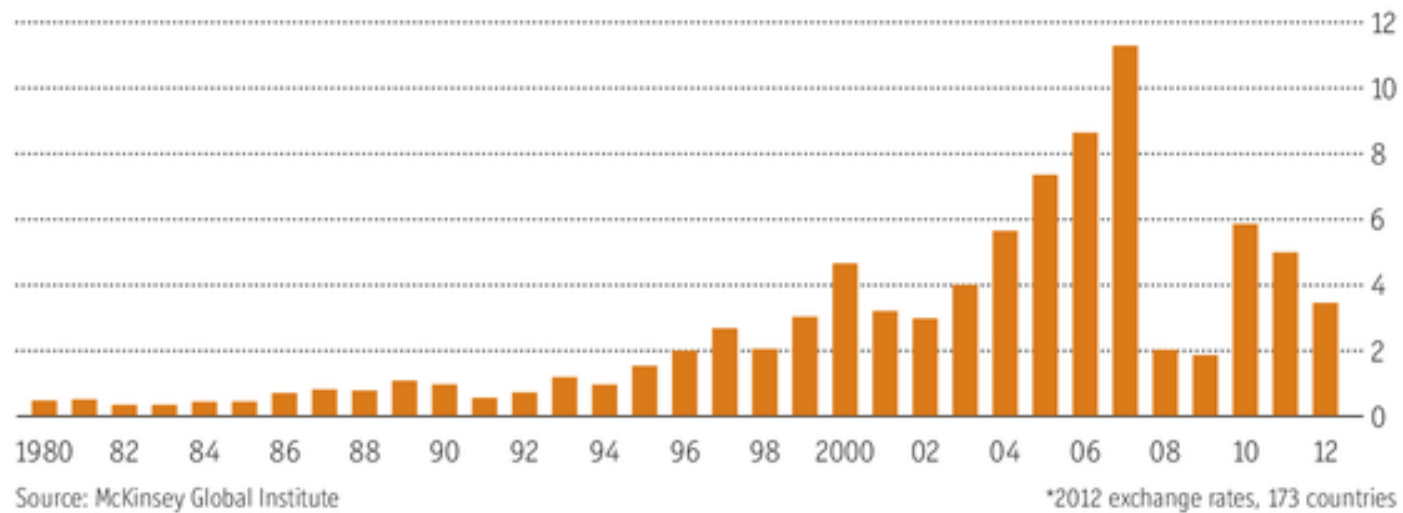
Where are we?

Global De-Globalisation



Dampened financial flows

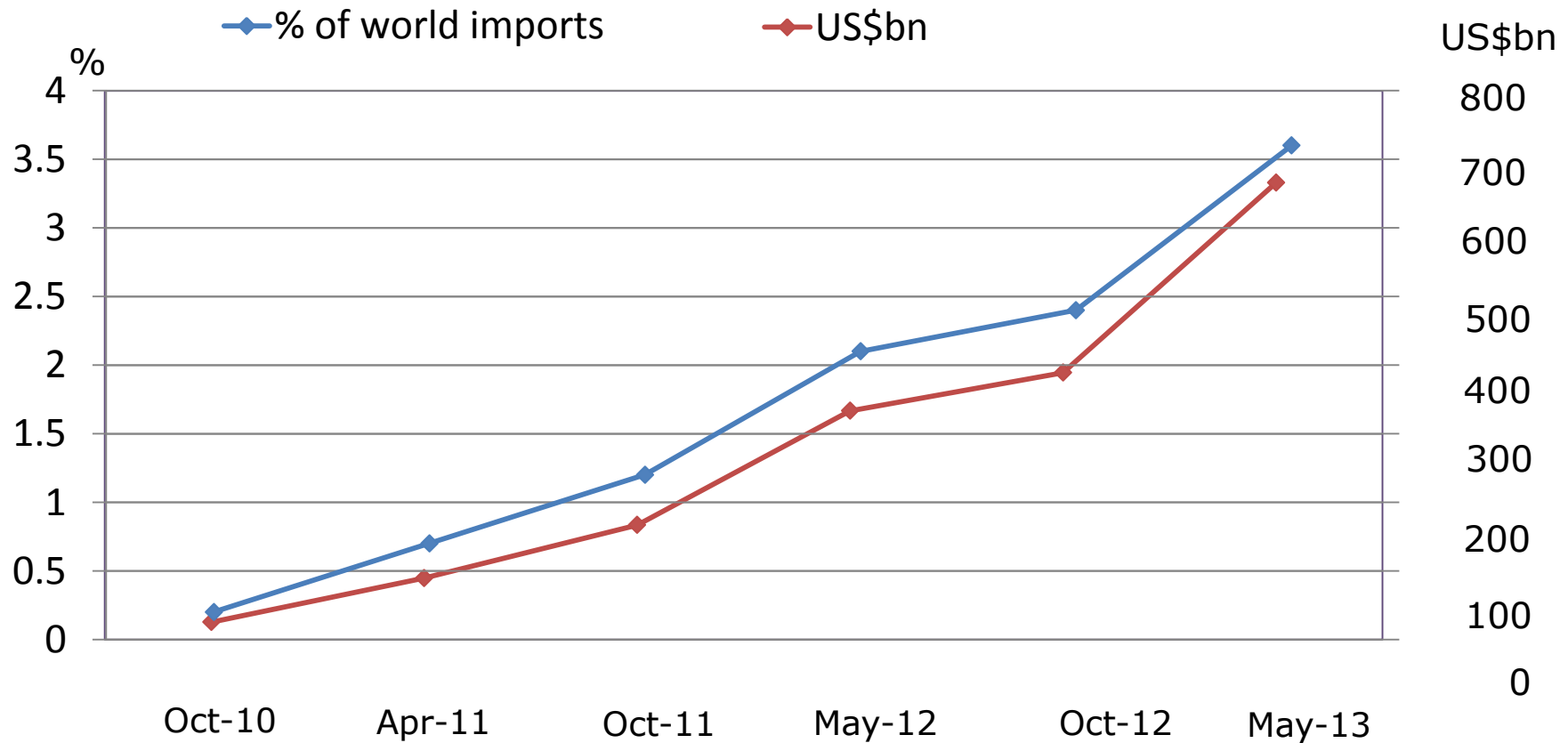
Cross-border capital flows, \$trn*



Source: *The Economist*

Rising trade protectionism

Imports of G20 covered by restrictive measures since 2010



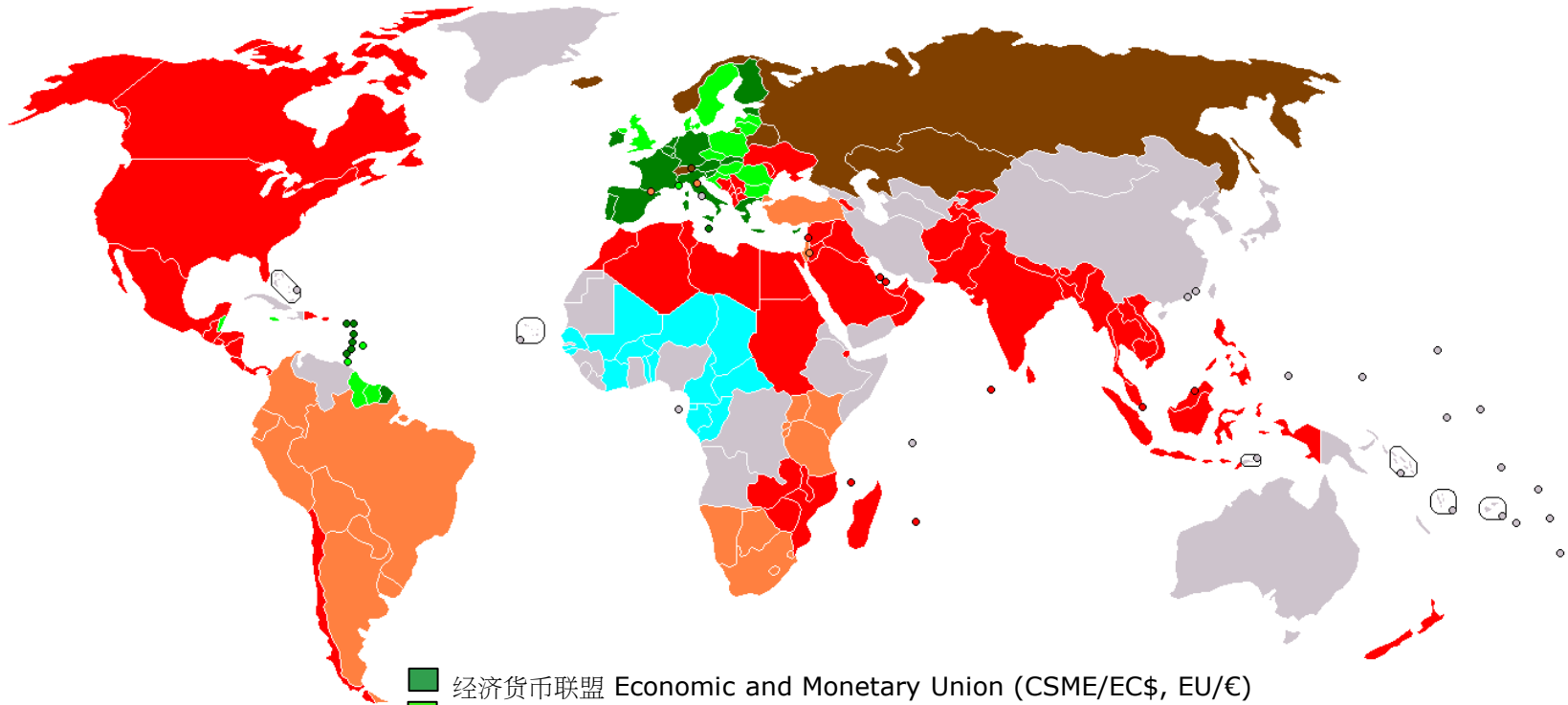
Source: WTO, Report on G20 trade measures, 17 June 2013, p.4

and mega-blocs

- TPP 2014 (US, Canada, Mexico, Peru, Chile, Japan, Australia, New Zealand, Singapore, Brunei, Malaysia, Vietnam)
- RCEP 2015 (ASEAN, China, Japan, S Korea, India, Australia, New Zealand)

	Population (million)	GDP per capita	% share of world GDP	% share of global trade
TPP	792	35,000	38.4	26.0
RCEP	3,398	6,000	29.5	28.5

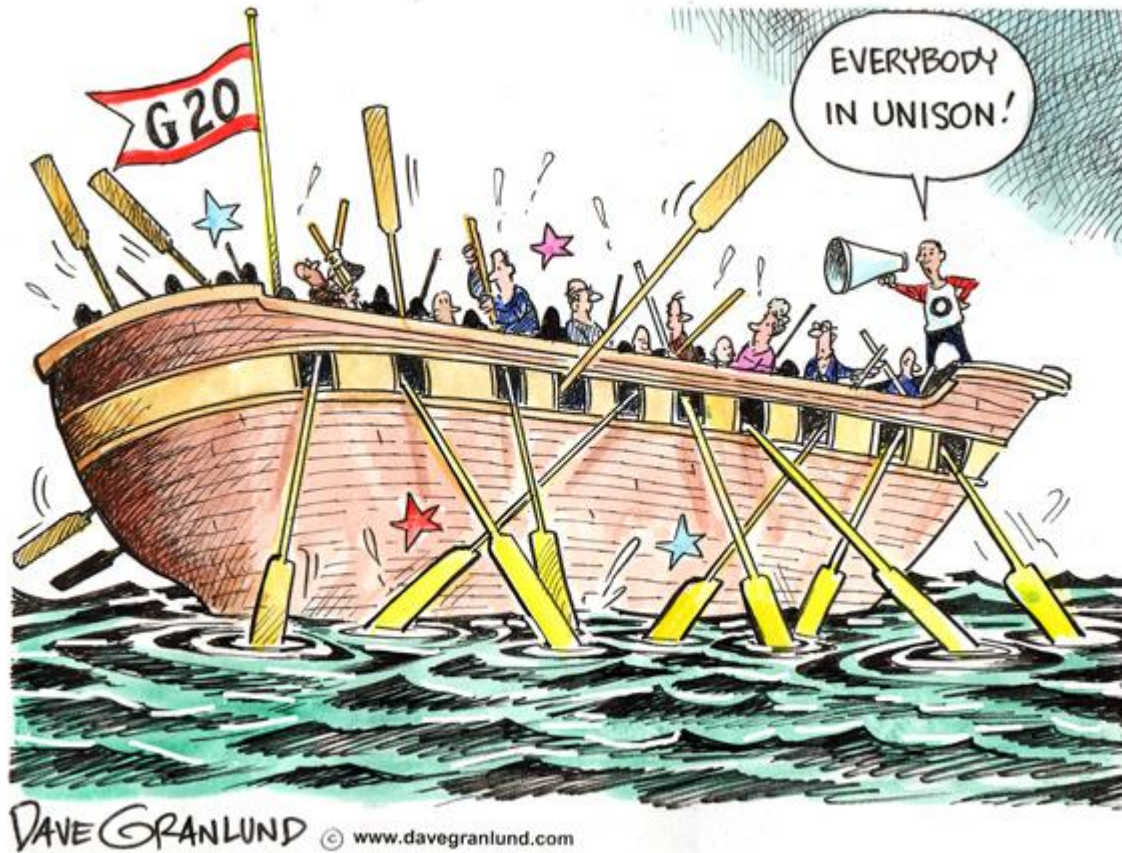
A fragmented world



- 经济货币联盟 Economic and Monetary Union (CSME/EC\$, EU/€)
- 经济联盟 Economic union (CSME, EU)
- 关税货币联盟 Customs and Monetary Union (CEMAC/franc, UEMOA/franc)
- 共同市场 Common market (EEA, EFTA, CES)
- 关税同盟 Customs union (CAN, CUBKR, EAC, EUCU, MERCOSUR, SACU)
- 多边自由贸易区 Multilateral Free Trade Area (AFTA, CEFTA, CISFTA, COMESA, GAFTA, GCC, NAFTA, SAFTA, SICA, TPP)

Coloured according to the highest form of economic union
Source: http://en.wikipedia.org/wiki/Free_trade_area

Great leadership



Source: Google

Great threats



ILLUSTRATION: SHAKEN A THORNTON/CNNMONEY.

Source: Google

A New Order in the making



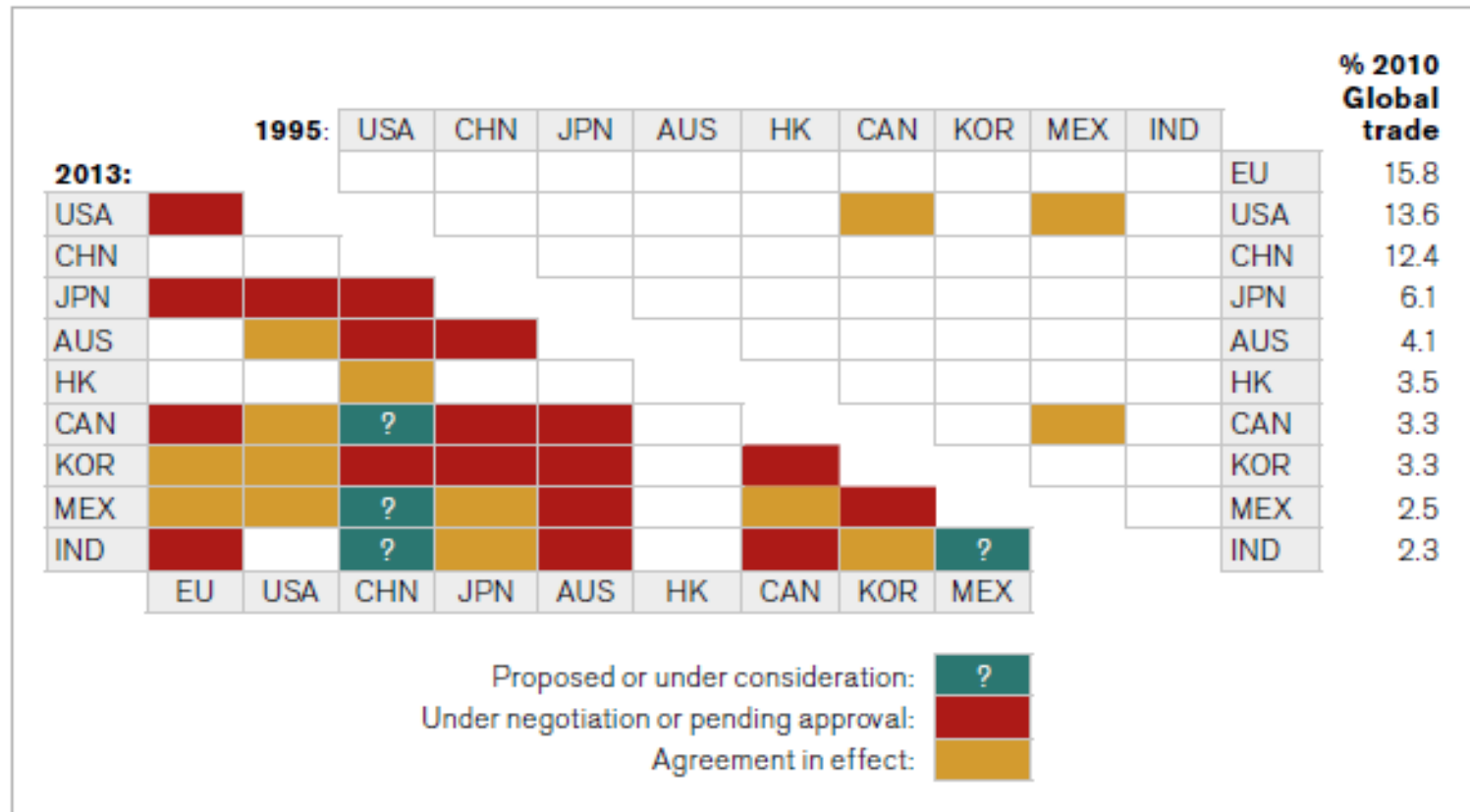
Source: Google

Need a new financial architecture



A new trade regime

RTAs among the ten largest WTO members, 1995 and 2013



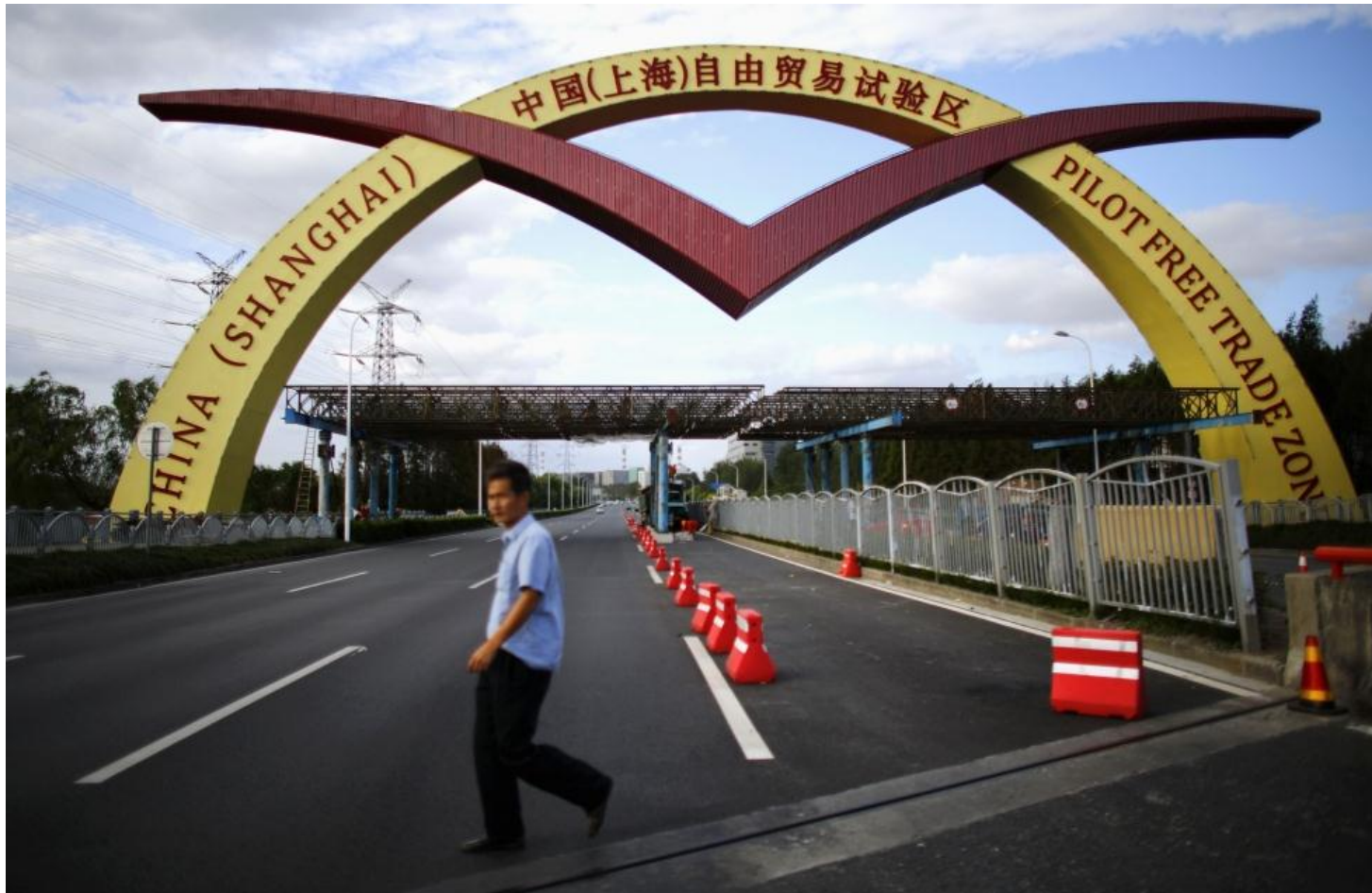
Sources: Data on RTAs tabulated from the WTO Regional Trade Agreements Information System (<http://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>) and other sources (principally the websites of the ten members' trade ministries). Trade data from the WTO www.wto.org/english/res_e/statis_e/its2011_e/charts_e/chart08.xls.

Notes: Shares of global trade are based on merchandise trade and exclude intra-EU trade. Data for 2013 based on information available through March.

New technology



New growth strategy



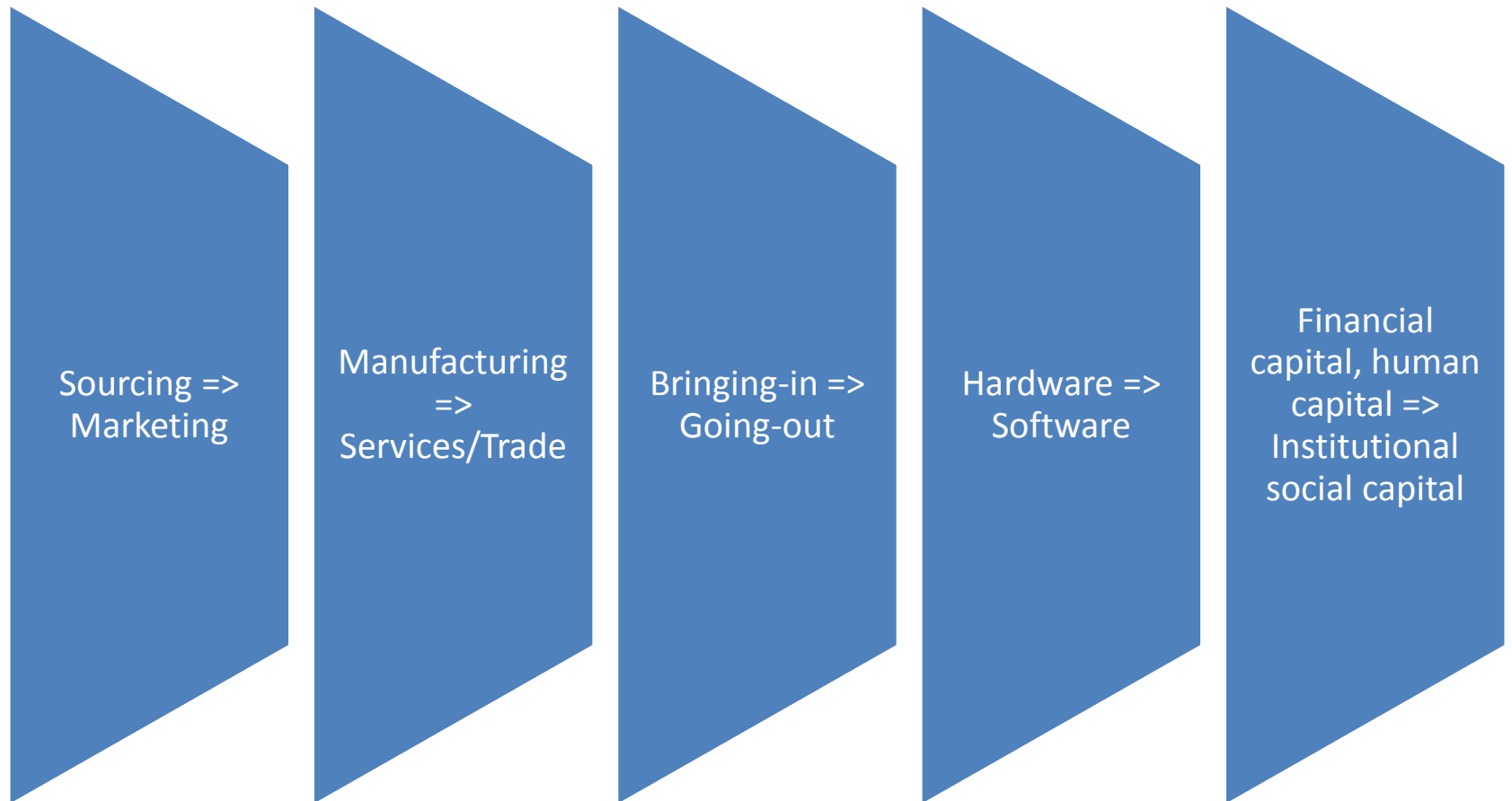
Source: Google

A New Normal

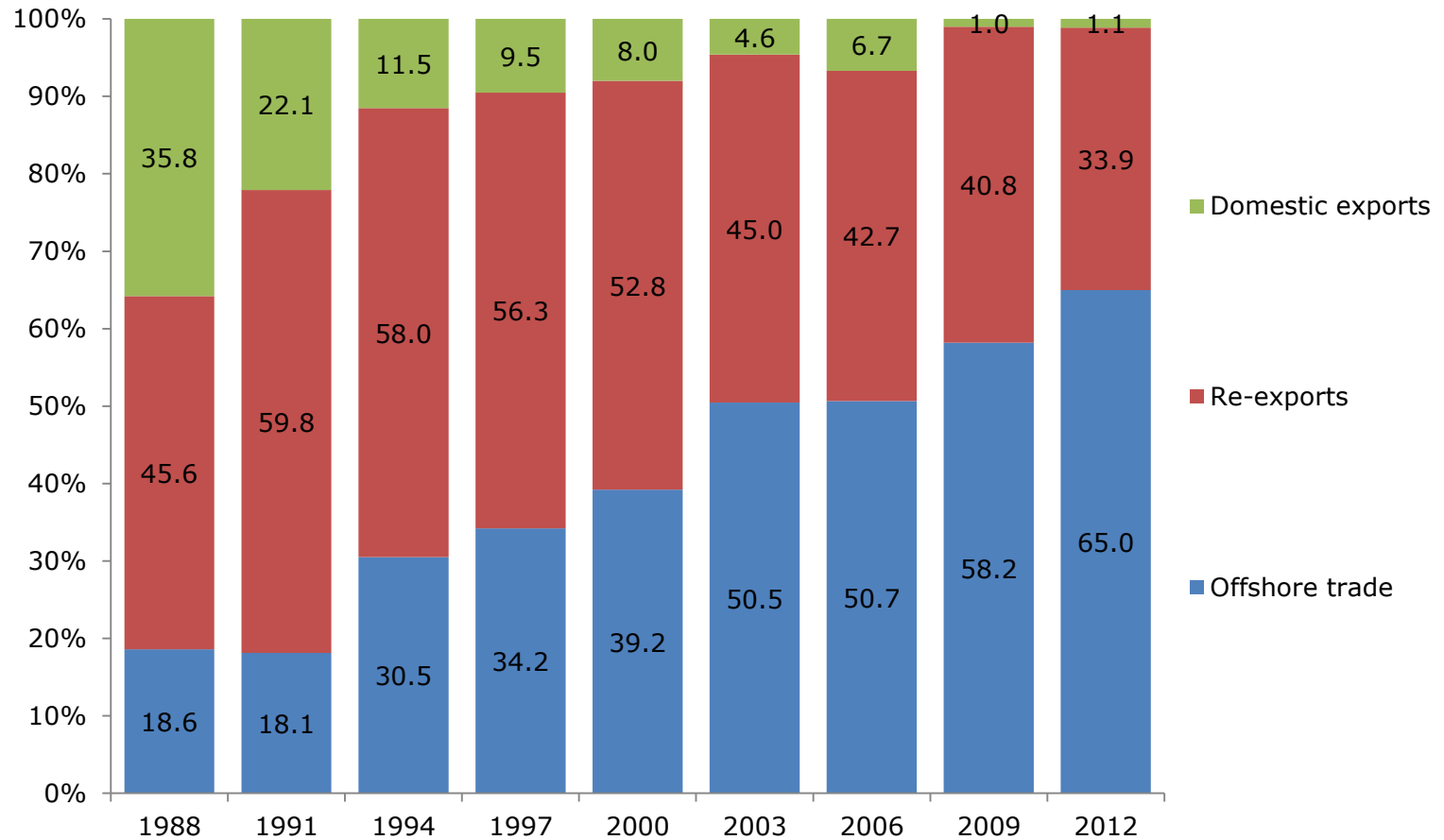


Source: Google

Hong Kong's responses



Grow beyond borders

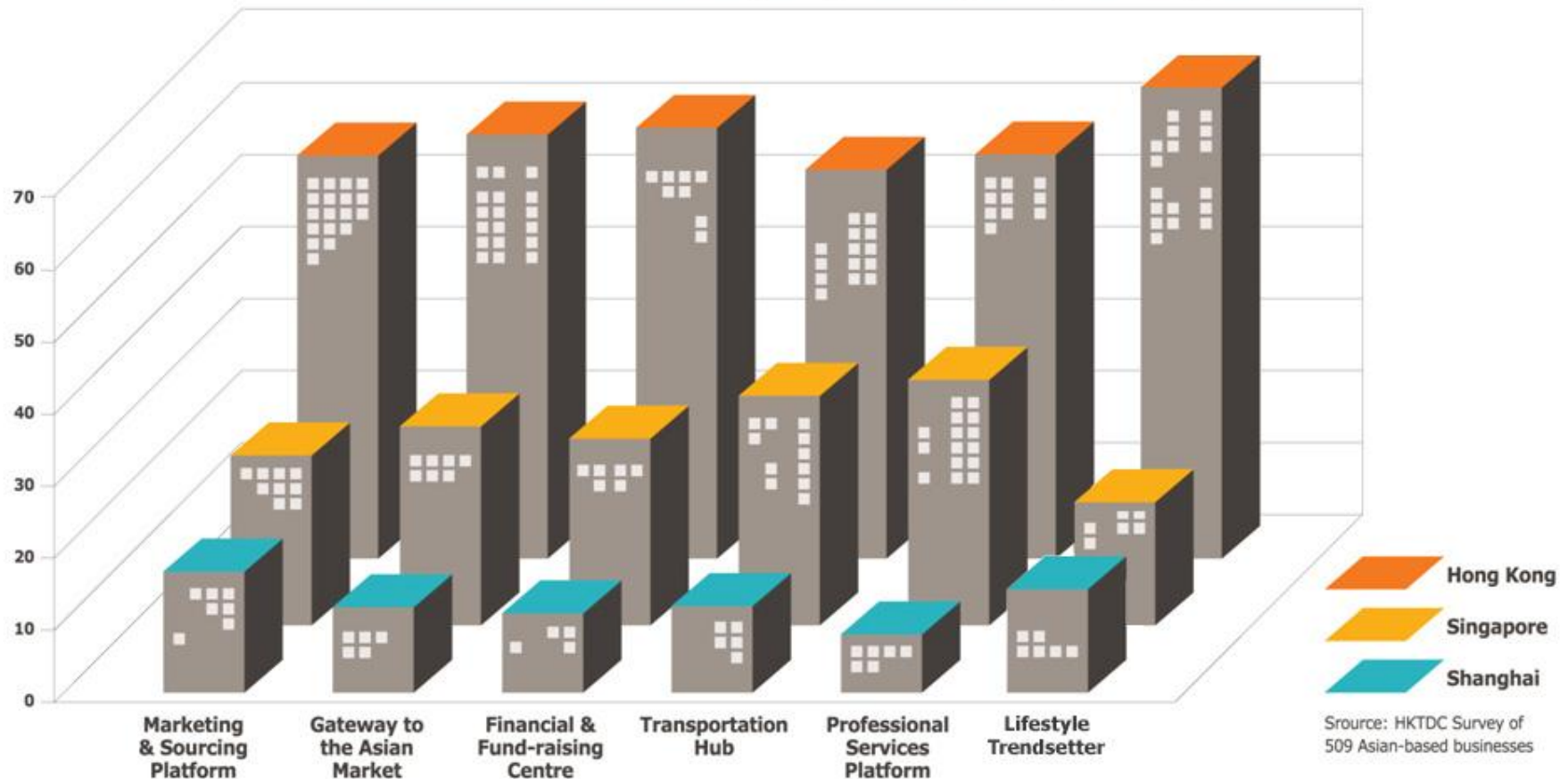


Inshoring offshore



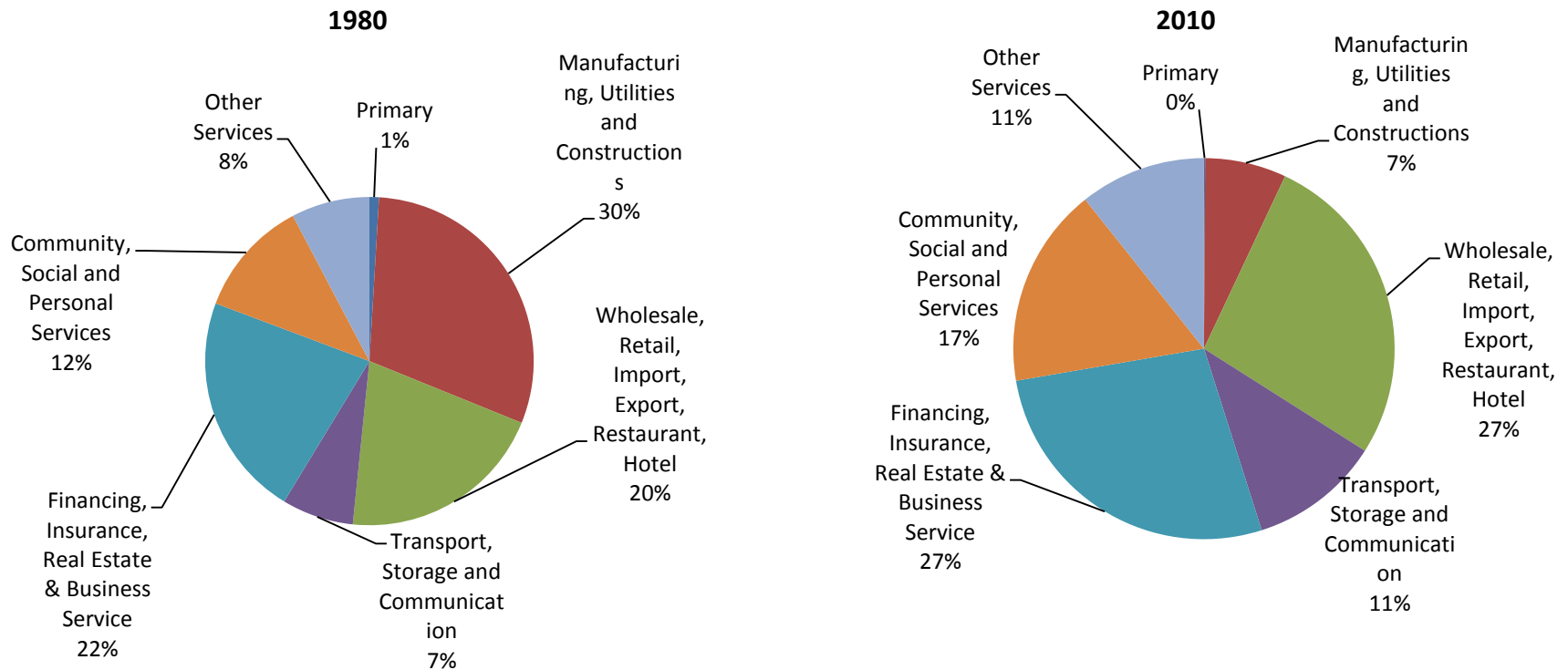
Reach out to the world

% of business executives giving the city a top ranking for 2012



Change with time

Transformation of Hong Kong's economic structure



The promises





Thanks